

## Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 ARAE-00 NSC-05 NSCE-00 INR-05  
SAB-02 L-01 CIAE-00 SIL-01 EB-03 OMB-01 TRSE-00 PRS-01  
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P 151745Z FEB 77

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 737

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LIMDIS

E.O. 11652: NA

TAGS: ELAB, PFOR, PN, PQ,

SUBJECT: RISE AND APPARENT FALL OF CANAL ZONE LABOR-TORRIJOS DIALOG

REF: PANAMA 0950

SUMMARY: GOP-GUIDED PANAMANIAN MEDIA GREETED THE OPENING  
OF DIALOG BETWEEN TORRIJOS AND US-CITIZEN LABOR LEADERS  
FROM CANAL ZONE WITH CAUTIOUS OPTIMISM, BUT IT APPEARS  
THAT CHANCES FOR ITS CONTINUATION HAVE BEEN JEOPARDIZED  
BY INCIDENTS FEBRUARY 11-12 INVOLVING WILLIAM DRUMMOND AND OTHER  
CANAL ZONE AMERICAN LABOT LEADERS. END SUMMARY.

1. IN DAYS FOLLOWING TORRIJOS' PRECEDENT-SHATTERING FEBRUARY  
7 PERSONAL MEETING WITH A GROUP OF US-CITIZEN CANAL ZONE LABOR  
LEADERS (REFTEL), GOP-GUIDED MEDIA COMMENTED WITH CAUTIOUS  
OPTIMISM. "REPUBLICA" FOR FEBRUARY 8 CALLED THE MEETING A MATTER  
OF "HICHEST IMPORTANCE" AND SAW THE "BARRIERS OF INCOMPREHENSION"  
WHICH HAD DEVIDED PANAMA AND CANAL ZONE AMERICANS "BEGINNING TO  
FALL". "CRITICA" FOR FEBRUARY 9 NOTED PARTICULARLY ESTABLISHMENT  
BY TORRIJOS OF A HIGH-LEVEL COMMISSION TO CONTINUE THE DIALOG:  
"THIS LEAVES THE WAY OPEN FOR NONE IN THE CANAL ZONE TO HAVE  
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IMAGINARY APPREHENSIONS ABOUT WHAT WILL BE THE FUTURE REALITIES."

2. THE MEETING APPEARED TO GENERATE MORE SUSPICION ON THE CANAL  
ZONE SIDE OF THE EQUATION. FIRST, THE TWO CANAL ZONE LOCALS OF  
AFSCME, WHOSE MEMBERSHIPS ARE PREDOMINATLY PANAMANIAN, WERE NOT  
EVEN AWARE OF THE MEETING IN ADVANCE AND WERE ACUTELY UNHAPPY OVER  
THEIR ABSENCE WHILE THE PREDOMINANTLY PANAMANIAN-CITIZEN NMU--

WHICH HAD ALWAYS MAINTAINED A GREATER DISTANCE BETWEEN ITSELF AND THE  
GOP--WAS NOT ONLY PRESENT BUT ORGANIZED THE SESSION.

3. LOCAL 14 OF AFGE, THE LARGEST SINGLE US-CITIZEN UNION IN  
CANAL ZONE (MEMBERSHIP APPROACHES 1000), WAS ALSO NOT INCLUDED.  
THIS LOCAL RECENTLY WITHDREW FROM THE CLU-MTC DUE TO ITS FEELING THAT  
CLU HAD BECOME TOO EXCLUSIVELY ORIENTED TOWARD TRADES ON THE  
WATERWAY ITSELF, WHILE AFGE MEMBERSHIP INCLUDES LARGE NUMBERS  
OF WHITE-COLLAR PROFESSIONALS. BUT ITS NON-INCLUSION IN THE  
MEETING WAS ALSO RESENTED BY THE UNION LEADERSHIP. LOCAL 14  
PRESIDENT SAID THIS REINFORCED HIS INTEREST IN HIS LONG-STANDING  
PROPOSAL FOR A STANDING CONSULTATIVE MECHANISM INVOLVING LABOR, MANAG  
EMENT AND US TREATY  
NEGOTIATORS, TO OBTAIN NEED FOR AMERICANS TO FEEL THEY MUST  
TURN TO GOP TO FILL THEIR INFORMATION/CONSULTATION VACUUM.

4. FINALLY, THERE WAS A FAIR AMOUNT OF SUSPICION AND RESERVE  
AMONG LEADERSHIP AND MEMBERSHIP OF THE UNIONS THAT WERE INCLUDED  
IN THE TORRIJOS MEETING. CLU-MTC MET FEBRUARY 10 AND DECIDED  
THAT IT WOULD NEITHER BARGAIN WITH NOR SEEK ANY DIRECT "DEAL" OR  
GUARANTEES FROM GOP, BUT WOULD AUTHORIZE ITS PRESIDENT TO ATTEND  
ANY MEETINGS THAT MIGHT OCCUR TO SEE WHAT GOP HAD TO SAY. CLU  
PRESIDENT, DESCRIBING THIS MEETING, REITERATED TO EMBASSY LABOR  
OFFICER DESIRE OF CLU-MTC LEADERSHIP FOR DIRECT DIALOG WITH US  
NEGOTIATING TEAM IN SOME MANNER, AND SAID HIS LEADERSHIP WAS  
QUITE DISAPPOINTED THAT USG HAD FAILED IN THIS RESPECT.

5. PANAMA CANAL PILOTS ASSOCIATION CIRCULATED A MEMO TO ITS  
MEMBERS FORWARDING WITHOUT COMMENT THREE SPECIFIC PROPOSALS IT SAID  
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WERE MADE BY TORRIJOS: 1) TO ESTABLISH A HIGH-LEVEL COMMITTEE FOR ONG  
OING MEETINGS  
AND TO DISSEMINATE INFORMATION TO AMERICAN WORK FORCE ABOUT TREATY; 2  
)  
PROPOSE PRIVATE OWNERSHIP OF PRESENT EMPLOYEE HOUSING, WHILE US NEGOT  
-  
IATORS WANT CONTINUED RENTAL OF COMPANY-OWNED HOUSE; AND 3)  
COMPREHENSIVE PANAMANIAN LABOR LAW MAKING IT ILLEGAL TO CUT PAY OF  
US EMPLOYEE, ADVERSELY CHANGE WORKING CONDITIONS, OR TERMINATE  
EMPLOYMENT WITHOUT PROVIDING A SUBSTITUTE JOB. PILOTS' PRESIDENT IS O  
UT OF COUNTRY,  
BUT GENERAL MEETING ON THESE PROPOSALS WAS TO BE CALLED FEBRUARY 16.

6. HOWEVER, CHANCES FOR ANY FURTHER DEVELOPMENT OF THIS DIALOG  
APPEARED JEOPARDIZED BY EVENTS INVOLVING WILLIAM DRUMMOND  
WHICH OCCURRED FEBRUARY 11-12. NOT ONLY WAS DRUMMOND, WHO IS LEGISLATI  
VE  
COUNSEL TO CLU-MTC, DETAINED ON TWO OCCASIONS BY GOP AUTHORITIES  
WHILE PROCEEDING TO US "ON UNION BUSINESS", BUT A NUMBER OF OTHER CLU

-MTC

LEADERS WERE DETAINED BRIEFLY AND SEARCHED BY GOP OFFICIALS AT TOCUMEN AIRPORT IN EARLY MORNING HOQSS FEBRUARY 12. CLU-MTC MET EVENING OF FEBRUARY 12, AND ITS PRESIDENT HAS STATED FOR RECORD THAT HIS ORGANIZATION WILL HAVE NOTHING FURTHER TO DO WITH ANY SORT OF DIALOG WITH GOP, SINCE GOP HAD SHOWN ITSELF READY TO MOLEST CLU-MTC LEADERS GOING ABOUT THEIR UNION BUSINESS.

7. ATTITUDE OF REMAINDER OF US-CITIZEN LABOR LEADERS IS NOT YET YET KNOWN. BUT HIGH GENERAL LEVEL OF ADVERSE REACTIONS IN CANAL ZONE TO DRUMMOND INCIDENTS LEADS US TO STRONGLY SUSPECT THAT THEY WILL TAKE SAME ATTITUDE TOWARD GOP AS THAT OF CLU-MTCM WE ALSO ANTICIPATE RENEWED AND INCREASES CALLS FROM CANAL ZONE LABOR LEADERS FOR SOME MECHANISM FOR DIRECT DIALOG BETWEEN THEM AND US TREATY NEGOTIATING TEAM AS DISCUSSION OF ISSUES AFFECTING LABOR INTERESTS PROGRESSES.

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## Message Attributes

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**Review Markings:**  
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